

FISCAL NOTE
HB 2622 - SB 2936

February 20, 2004

SUMMARY OF BILL: Requires all state agencies and instrumentalities to implement recommendations made by audits conducted by or on behalf of the Comptroller of the Treasury. Specifies that the Commissioner of Finance and Administration must reduce any appropriation recommendations in the amount of estimated cost savings if the audit recommendations are not implemented. Takes effect upon becoming law but does not specify the fiscal year in which sanctions for non-compliance would begin.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact:

Affects State Expenditures - Exceeds \$1,000,000

Affects Local Govt Expenditures* - Exceeds \$1,000,000

The effect of increased and reduced expenditures will vary from agency to agency and will depend on a wide range of variables. The net impact of increased expenditures for compliance with some recommendations and reduced expenditures from implementation of other recommendations (or reduced appropriations for non-compliance) cannot reasonably be determined.

Estimate assumes:

- some audit recommendations may require an agency to expend funds to implement. Requiring implementation of all audit recommendations will result in an increase in state expenditures estimated to exceed \$1,000,000.
- cost savings resulting either from implementation of audit recommendations or corresponding reduction in appropriations and expenditures for failure to implement the recommendations. Such savings are estimated to exceed \$1,000,000.
- requiring local governments to implement all audit recommendations will result in an increase in local government expenditures estimated to exceed \$1,000,000 statewide.
- cost savings to local governments resulting either from implementation of audit recommendations or corresponding reduction in appropriations and expenditures for failure to implement the recommendations. Such savings are estimated to exceed \$1,000,000.
- an increase in state expenditures for administrative costs related to monitoring compliance with the provisions of the bill.
- audit recommendations will not be made that would jeopardize federal revenues if implemented or that would result in violation of requirements of federal law.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director